§ 50-20-3. Requirements from nonprofit contractors; audits; political activities

(a) Before entering into a financial agreement with a nonprofit organization, the head of the contracting state organization shall require the nonprofit organization to furnish financial and such other information as he or she may deem necessary to establish whether the nonprofit organization is financially viable and capable of providing services contemplated in the contract and that the agreement does not violate Chapter 10 of Title 45 related to conflicts of interest. Such information may include financial statements, Internal Revenue Service exempt status determination letters, Internal Revenue Service exempt organization information returns, and other related materials.

(b) State organizations which have entered into a financial agreement with a nonprofit organization shall require:

(1) A nonprofit organization which has expended $100,000.00 or more during its fiscal year in state funds to provide for and cause to be made annually an audit of the financial affairs and transactions of all the nonprofit organization's funds and activities. The audit shall be performed in accordance with generally accepted auditing standards.

(2) A nonprofit organization which has expended less than $100,000.00 in a fiscal year in state funds shall forward to the state auditor and each contracting state organization a copy of the nonprofit organization's financial statements. If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the annual financial statements must be accompanied by the statement of the president or person responsible for the nonprofit organization's financial statements:

(A) Stating the president's or other person's belief as to whether the statements were prepared based on generally accepted accounting principles and, if not, describing the basis of preparation; and

(B) Describing any respects in which the statements were not prepared on a basis consistent with the statements prepared for the preceding year.

(3) A nonprofit organization which receives funds from a state organization, and which meets the federal audit requirements of the Single Audit Act Amendments of 1996 shall submit audit reports and reporting packages performed in accordance with Office of Management and Budget regulations.

(c) All financial statements required in paragraphs (1) and (3) of subsection (b) of this Code section shall be prepared in conformity with generally accepted accounting principles.

(d) Audits made in accordance with this Code section shall be in lieu of any financial audit or reporting requirements under individual state awards. Audits and financial statements required under this Code section, however, shall neither limit the authority of state organizations or the state auditor to conduct or arrange for additional audits of nonprofit organizations contracting with the state. Any additional audits shall be planned and performed in such a way as to build upon work performed by other auditors and shall be funded by the contracting state organization.

(e) Reporting packages or financial statements shall be forwarded to the state auditor and each contracting state organization within 180 days after the close of the nonprofit organization's fiscal year. The state auditor, for good cause, may waive the requirement for completion of an audit within 180 days. Such waiver shall be for an additional period of not more than 90 days, and no such waiver shall be granted for more than two successive years to the same nonprofit organization. The state auditor may prescribe an electronic format for financial statement and audit package submission purposes.

(f) Nonprofit organizations which receive funds from state organizations shall refrain from political activities, including endorsement of any political candidate or party, use of machinery, equipment, postage, stationery, or personnel on behalf of any candidate or any question of public policy subject to referendum.